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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/642,894	08/18/2003	Jay S. Walker	99-029-C1	3361

22927 7590 02/15/2008
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EXAMINER	
CHAMPAGNE, DONALD	
ART UNIT	PAPER NUMBER
3622	
MAIL DATE	DELIVERY MODE
02/15/2008	PAPER

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte JAY S. WALKER, JOHN M. PACKES, JR., DANIEL E. TEDESCO, STEPHEN C. TULLEY, KEITH BEMER, and JAMES A. JORASCH

Appeal 2007-2578
Application 10/642,894
Technology Center 3600

Decided: February 15, 2008

Before WILLIAM F. PATE, III, HUBERT C. LORIN, and ANTON W. FETTING, *Administrative Patent Judges.*

FETTING, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF CASE

Jay S. Walker, John M. Packes, Jr., Daniel E. Tedesco, Stephen C. Tulley, Keith Bemer, and James A. Jorasch (Appellants) seek review under

35 U.S.C. § 134 of a non-final rejection of claims 77-90, the only claims pending in the application on appeal.

We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b) (2002).

We AFFIRM.

The Appellants invented a potential buyer identification system that encourages potential buyers to provide individual, specific demand information. A potential buyer provides a description of an item he intends to purchase and a time period in which the item is to be purchased. In exchange for the information provided, the potential buyer is offered a reward, such as a gift or a discount. The value of the reward may be based upon the amount and specificity of the information provided by the potential buyer, and/or the value of this information to sellers. When a description of the item is provided, the potential buyer is prompted to provide a payment identifier, such as a credit card or a debit card number, so that the system may apply a penalty to the potential buyer's financial account for failure to purchase the item within the specified time period (Specification 2:20-35).

An understanding of the invention can be derived from a reading of exemplary claim 77, which is reproduced below [bracketed matter and some paragraphing added].

> 77. A method for identifying potential buyers, comprising the steps of:
>
> [1] receiving intent data from a potential buyer,
>
> wherein the intent data identifies an item
>
> the potential buyer intends to purchase

within a particular time period;

[2] determining a reward

for the potential buyer

based on the intent data,

in which the reward comprises money for the potential buyer;

[3] receiving a payment identifier

of a financial account

of the potential buyer;

[4] issuing the reward

to the potential buyer; and

[5] applying a penalty

to the financial account of the potential buyer

if the potential buyer does not purchase the item

within the particular time period.

This appeal arises from the Examiner's Non-Final Rejection, mailed July 19, 2006. The Appellants filed an Appeal Brief in support of the appeal on July 24, 2006. An Examiner's Answer to the Appeal Brief was mailed on October 18, 2006. A Reply Brief was filed on December 18, 2006. The Appellants presented oral arguments at a hearing on January 23, 2008.

PRIOR ART

The Examiner relies upon the following prior art:

Abecassis US 5,426,281 A Jun. 20, 1995

Alfred A. Ring, *Real Estate Principles and Practices* 65-86 and 317 (7th Ed., Prentice Hall, Englewood Cliffs, NJ, 1972)(Ring).

Merriam-Webster's Collegiate Dictionary, 10th Edition (1997).

We also discuss the following art in this Decision.

State of Arizona, SB1154-422R-H Ver, Real Estate Time Shares, 1996.[1]

Options Clearing Corporation, Characteristics and Risks of Standardized Options, 1994.[2]

REJECTIONS

Claims 77, 78, 81, and 82 stand rejected under 35 U.S.C. § 102(b) as anticipated by Ring.

Claims 79, 80, and 83-88 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Ring.

Claims 89 and 90 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Abecassis and Ring.

ISSUES

The issues pertinent to this appeal are

- Whether the Appellants have sustained their burden of showing that the Examiner erred in rejecting claims 77, 78, 81, and 82 under 35 U.S.C. § 102(b) as anticipated by Ring.
- Whether the Appellants have sustained their burden of showing that the Examiner erred in rejecting claims 79, 80, and 83-88 under 35 U.S.C. § 103(a) as unpatentable over Ring.

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[1] SB1154 - 422R - H Ver (1996) at http://www.azleg.state.az.us/legtext/42leg/2r/bills/sb1154h.htm.
[2] http://www.optionsclearing.com/publications/risks/riskstoc.pdf.

- Whether the Appellants have sustained their burden of showing that the Examiner erred in rejecting claims 89 and 90 under 35 U.S.C. § 103(a) as unpatentable over Abecassis and Ring.

The pertinent issue turns on whether Ring describes the reward and penalty as claimed.

FACTS PERTINENT TO THE ISSUES

The following enumerated Findings of Fact (FF) are supported by a preponderance of the evidence.

Claim Construction

01. The disclosure contains no lexicographic definition of "reward."

02. The ordinary and customary meaning of "reward" is (1) something given or received in recompense for worthy behavior or in retribution for evil acts; (2) money offered or given for some special service, such as the return of a lost article or the capture of a criminal; (3) a satisfying return or result; or (4) the return for performance of a desired behavior; positive reinforcement.[3] Of these, the only definition within a commercial context, such as in the claims, is a satisfying return or result.

03. The Specification describes a discount as being an embodiment of a reward (Specification 13:24-27).

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[3] *American Heritage Dictionary of the English Language* (4th ed. 2000).

04. The disclosure contains no lexicographic definition of "penalty."

05. The ordinary and customary meaning of "penalty" is (1) a punishment established by law or authority for a crime or offense; (2) something required as a forfeit for an offense; (3) the disadvantage or painful consequences resulting from an action or condition; (4) within sports, a punishment, handicap, or loss of advantage imposed on a team or competitor for infraction of a rule; (5) within sports, an infraction of a rule; or (6) within the game of contract bridge, games points scored in contract bridge by the opponents when the declarer fails to make a bid.[3] Of these, the only definitions within a commercial context, such as the claims, are either something required as a forfeit for an offense and the disadvantage or painful consequences resulting from an action or condition.

06. The disclosure contains no lexicographic definition of "take into account."

07. The ordinary and customary meaning of the idiom "take into account" is to take into consideration; allow for.[3]

Ring

08. Ring is a text book describing the practice of real estate transactions.

09. Ring describes awarding of a contract to a buyer so long as the buyer meets certain qualifications (Ring 65-67).

10. The buyer's entering into such a contract is evidence of the buyer's intent to purchase the property so contracted.

11. Ring describes that such a contract should contain provisions as to specificity of the property, certainty as to what are the contingent elements, such as adequacy of title and availability of financing elements that must be met before the contract will close, and length of time until closing (Ring 66-83).

12. The buyer typically pays a 5-10% deposit against the contract (Ring 76-77) and this deposit creates a lien against the property, but this lien does not survive if the buyer defaults on the contract (Ring 81).

13. Ring describes seller behavior as typically setting a price higher than the market on the expectation that the price can be reduced if necessary, and that such price reduction typically occurs (Ring 317). This behavior is one of iteratively negotiating price between buyer and seller.

14. Ring describes as examples of the penalty a buyer may incur for defaulting on a real estate contract, forfeiture of the deposit; specific performance; or damages in the form of the difference between contract price and actual value (Ring 86).

Abecassis

15. Abecassis is directed to a system where parties deposit funds in an escrow that is under the control of an unrelated third party to which the depositing party has effective access; at the time of a purchase transaction, the other party (i.e. seller) elicits information

from the system to determine that the purchaser has a valid account, and then verifies that the account has sufficient money to cover the purchase. The conditions upon which the deposit will be released are set (Abecassis 3:64 - 4:5).

Knowledge of one of ordinary skill in the art of real estate contracting and selling

16. It is conventional for contracts to make requirements of both notice and performance on the parts of the parties.

17. In contracts, it is conventional to make provisions for partial performance.

18. In contracts, it is conventional to verify that contract provisions are met for the purpose of ensuring performance.

19. Many large construction companies retain an inventory of real estate from which to sell.

20. A buyer who buys a similar property from the same seller may be considered to have made partial performance against a contract.

PRINCIPLES OF LAW

Claim Construction

During examination of a patent application, pending claims are given their broadest reasonable construction consistent with the specification. *In re Prater* , 415 F.2d 1393, 1404-05 (CCPA 1969); *In re Am. Acad. of Sci. Tech Ctr.*, 367 F.3d 1359, 1364, (Fed. Cir. 2004).

Limitations appearing in the specification but not recited in the claim are not read into the claim. *E-Pass Techs., Inc. v. 3Com Corp.*, 343 F.3d 1364, 1369 (Fed. Cir. 2003) (claims must be interpreted "in view of the specification" without importing limitations from the specification into the claims unnecessarily)

Although a patent applicant is entitled to be his or her own lexicographer of patent claim terms, in *ex parte* prosecution it must be within limits. *In re Corr*, 347 F.2d 578, 580 (CCPA 1965). The applicant must do so by placing such definitions in the Specification with sufficient clarity to provide a person of ordinary skill in the art with clear and precise notice of the meaning that is to be construed. *See also In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994) (although an inventor is free to define the specific terms used to describe the invention, this must be done with reasonable clarity, deliberateness, and precision; where an inventor chooses to give terms uncommon meanings, the inventor must set out any uncommon definition in some manner within the patent disclosure so as to give one of ordinary skill in the art notice of the change).

Anticipation

"A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631 (Fed. Cir. 1987). "When a claim covers several structures or compositions, either generically or as alternatives, the claim is deemed anticipated if any of the structures or compositions within the scope of the claim is known in the prior art." *Brown v. 3M*, 265 F.3d 1349, 1351 (Fed. Cir. 2001). "The identical invention must be shown in as complete detail as

is contained in the ... claim." *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1236 (Fed. Cir. 1989). The elements must be arranged as required by the claim, but this is not an *ipsissimis verbis* test, i.e., identity of terminology is not required. *In re Bond*, 910 F.2d 831, 832 (Fed. Cir. 1990).

Obviousness

A claimed invention is unpatentable if the differences between it and the prior art are "such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art." 35 U.S.C. § 103(a) (2000); *KSR Int'l v. Teleflex Inc.*, 127 S.Ct. 1727 (2007); *Graham v. John Deere Co.*, 383 U.S. 1, 13-14 (1966).

In *Graham*, the Court held that that the obviousness analysis is bottomed on several basic factual inquiries: "[(1)] the scope and content of the prior art are to be determined; [(2)] differences between the prior art and the claims at issue are to be ascertained; and [(3)] the level of ordinary skill in the pertinent art resolved." 383 U.S. at 17. *See also KSR Int'l v. Teleflex Inc.*, 127 S.Ct. at 1734. "The combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results." *KSR*, at 1739.

"When a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or in a different one. If a person of ordinary skill in the art can implement a predictable variation, § 103 likely bars its patentability." *Id.* at 1740.

"For the same reason, if a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill." *Id.*

"Under the correct analysis, any need or problem known in the field of endeavor at the time of invention and addressed by the patent can provide a reason for combining the elements in the manner claimed." *Id.* at 1742.

ANALYSIS

Claims 77, 78, 81, and 82 rejected under 35 U.S.C. § 102(b) as anticipated by Ring.

Claim 77

The Examiner found that Ring anticipated claim 77 (Answer 3-4; 7-8). In particular, the Examiner found that Ring described a reward in a reduction in contract price for real estate and a penalty in the forfeiture of a deposit.

The Appellants contend that Ring cannot anticipate both the claimed reward and penalty because in Ring, the reward and penalty are mutually exclusive (Appeal Br. 23-24); that Ring does not suggest that a lowered contract price would be a reward (Appeal Br. 24-25).

The Examiner replied that the penalty in claim 77 is optional and therefore is not necessarily with the scope of claim 77, and that Ring describes the seller accepting a lower price, and the difference between the original and final price is a reward (Answer 8-9). The Appellants responded to this by contending that claim 77's penalty is not optional, but rather, the case of no penalty being applied is outside the scope of claim 77 (Reply Br. 5), that the Examiner's construction of penalty is flawed (Reply Br. 6), that a lower accepted price is not an amount that is issued (Reply Br. 7, 9), and that no party is rewarded for lowering a price of offering a contract (Reply Br. 8).

Thus, the Appellants present us with issues regarding the construction of a reward, whether a reward comprising money is issued, and whether the final step of applying a penalty is within the scope of the claim.

The Specification does not explicitly define a reward (FF 01), although the Specification does indicate that a discount is an example of a reward (FF 03). Thus, we construe a reward according to its customary meaning within a commercial context as in the claims, as being a satisfying return or result (FF 02). According to this construction, the discount in the form of a price reduction offered by the seller (FF 13), as well as the award of the contract (FF 09) and the contingent provisions the buyer has the seller insert into the contract (FF 11) are all examples of satisfying results and thus are within the scope of the term "reward." Of these, the discount is one which comprises money, as in claim 77.

Thus, we find the Appellants have not overcome their burden of showing error in the Examiner's finding that the price reduction in Ring is a reward. As the Examiner found, the seller issues this reward in the form of conveying the property for a price lower than originally asked for (Answer 8). Since the property is conveyed for money, the reward is of the same form as the consideration, *viz*, money.

We are left with the issue regarding step [5], which is the conditional application of a penalty, predicated on a buyer not buying within a time period. The Appellants' argument that the alternative in which the application of no penalty is outside the scope of the claim, appears to confuse a conditioning step with a conditional step. A conditioning step is simply an affirmative step that conditions the process for further execution. See for example claim 1 in *Bell v Hoffman*, 64 F.2d 134, 134 (CCPA 1933),

in which a step conditions concrete for transportation. The Appellants appear to be arguing that the "if" clause in step [5] is a conditioning step for the subsequent application of a penalty.

A conditional step is one which occurs if a condition is present. If the condition is not present, then the step is optional. "Optional elements do not narrow the claim" *In re Scott E. Johnston*, 435 F.3d 1381, 1384 (Fed. Cir. 2006).

Had the Appellants meant to apply the condition of the buyer not buying within the time period, the last step would have been two steps, the contents of the "if" clause setting up the condition required for the penalty. But that is not the form in which the claim is drafted. Instead, the omission of the buying within the time period is not a step, but a condition that, if met, requires the penalty step. That is, the "if clause" posits a context that might occur, but does not affirmatively create that context. If the condition is unmet, the penalty step is optional. In the case of a buyer actually buying the property in Ring, this condition would be unmet, leaving step [5] in claim 77 optional, and does not narrow the claim. Thus, the Appellants have not met their burden of showing the Examiner erred in finding that Ring would read on all of the elements in claim 77 when a buyer in Ring executes the purchase contracted for.

Claim 78

Claim 78 contains the subject matter of claim 77 and further adds the limitation that calculation of the penalty amount takes into account a value of the reward.

The Examiner found that Ring anticipated claim 78 (Answer 4). The Examiner found that the earnest money required is less than the amount that would have been required by an amount proportionate to the difference in the reduction of asking price (Answer 9; also appendix to Answer).

The Appellants contend that, beyond the arguments they made in support of claim 77, there is no calculation of earnest money based on a difference between an asking price and a contract price (Reply Br. 10).

Ring describes the deposit as resulting from a calculation in which the amount is proportionate to the contract amount (FF 12). As the Examiner found, the difference between the deposit actually made and that which would have been required had no price reduction occurred would similarly be proportionate to the amount of the price reduction. Thus, the issue raised by the Appellants is whether the calculation described by Ring takes the difference between original asking price and final contract price into account. The Specification does not define the phrase "take into account," but this phrase is an idiom whose customary meaning is to allow for (FF 06 & 07). We find that because the amount of the deposit, whose forfeiture would become a penalty if the purchase was not made, is calculated from the contract price, and this contract price allows for the reduction from the original asking price, then the calculation of the deposit allows for the reward of the discount from original asking price that ends up in the final contract price. Thus, we find that the Appellants have not met their burden of showing the Examiner erred.

Claim 81

Claim 81 contains the subject matter of claim 77 and further adds the limitations (1) that the description having a degree of specificity; (2) receiving a degree of certainty with which the potential buyer intends to purchase the item within the particular time period; (3) determining a reward offer associated with a reward based on at least one of the degree of specificity, the degree of certainty, and a length of the particular time period; (4) the reward offer comprises an offer for money for the potential buyer; (5) receiving a confirmation signal indicating that the potential buyer purchased the item within the particular time period; and (6) determining whether the confirmation signal indicating that the potential buyer has purchased the item within the particular time period has been received.

The Examiner found that Ring anticipated claim 81 (Answer 3-4).

The Appellants contend that Ring does not anticipate claim 81 for the same reasons argued for claim 77, *supra*, and further that Ring fails to describe a reward based on a degree of certainty (Appeal Br. 31-33). The Examiner responds that he found that Ring describes dropping the price to increase the possibility of a sale (Answer 4).

Apart from the arguments made in support of claim 77, which we found to be insufficient to show the Examiner erred, *supra*, we further find that claim 81 is more broad in its scope of a reward, since claim 81 recites a reward as being an offer for money rather than money *per se*. In addition to the discount that we found to be a reward described by Ring, *supra*, Ring also describes the award of the contract (FF 09), which is also an example of a satisfying result and thus is within the scope of the term "reward" that comprises an offer for money for the buyer in terms of the reduced contract price.

We further find that Ring's contract includes provisions as to specificity of the property, certainty as to what are the contingent elements, such as adequacy of title and availability of financing elements that must be met before the contract will close, and length of time until closing (FF 11). Since these are elements of the contract and the reward is the reduction in contract price, the awarding of the contract for that price can be said to be based on those elements. Accordingly, we find the Appellants have not met their burden of showing the Examiner erred.

Claim 82

Claim 82 contains the subject matter of claims 81 and 78.

The Examiner found that Ring anticipated claim 82 (Answer 4). The Appellants contend that claim 82 is patentable for the same reasons they made for the patentability of claims 81 and 78, *supra* (Appeal Br. 34-35). We found that those arguments did not allow the Appellants to meet their burden of showing the Examiner erred, and we find similarly with respect to claim 82.

The Appellants have not sustained their burden of showing that the Examiner erred in rejecting claims 77, 78, 81, and 82 under 35 U.S.C. § 102(b) as anticipated by Ring.

Claims 79, 80, and 83-88 rejected under 35 U.S.C. § 103(a) as unpatentable over Ring.

Claims 79 and 80

Claim 79 contains the subject matter of claim 77 and further adds the limitation that the step of applying the penalty comprises the steps of:

> receiving a confirmation that the potential buyer has purchased within the particular time period a similar item to the item the potential buyer intended to purchase; and
>
> applying a partial penalty to the financial account of the potential buyer, wherein the partial penalty is less than a total penalty charged when the potential buyer fails to purchase the item within the particular time period.

The Examiner found that one of ordinary skill would have known that charging only a partial penalty for a customer who actually made a purchase, just not the one envisioned, would help keep customers satisfied and concluded that claim 79 was obvious over Ring.

Claim 80 contains the subject matter of claim 77 and further adds the limitation that the step of applying the penalty comprises the steps of:

> receiving a confirmation that the potential buyer has purchased within the particular time period a similar item to the item the potential buyer intended to purchase; and
>
> applying a partial penalty to the financial account.

The Examiner found that one of ordinary skill would have known that charging only a partial penalty for a customer who actually made a purchase, just not the one envisioned, would help keep customers satisfied and concluded that claim 80 was obvious over Ring.

The Appellants contend that the Examiner has provided no evidence of the scenario of a builder offering multiple properties, adding a partial penalty or changing the property to be purchased; that the Examiner failed to make findings as to the level of skill in the art; and the Examiner failed to show how these findings would have suggested a partial penalty (Appeal Br. 57-61).

The Examiner made findings as to these elements and the Appellants have provided no contention that would put these findings in doubt; the Appellants have done no more than argue that the Examiner relied on findings of the knowledge in the art rather than written evidence. We find the Examiner's findings to be well within the knowledge of one of ordinary skill (FF 17-20), and are findings as to what might be predictable contract provisions. In many fields it may be that there is little discussion of obvious techniques or combinations, and it often may be the case that market demand, rather than scientific literature, will drive design trends. *KSR,* 127 S.Ct. at 1741.

Further, Ring describes a partial penalty explicitly in the form of damages (FF 14). As to the level of skill, Ring provides sufficient evidence for this. *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355, 59 USPQ2d 1795, 1797 (Fed. Cir. 2001) ("[T]he absence of specific findings on the level of skill in the art does not give rise to reversible error 'where the prior art itself reflects an appropriate level and a need for testimony is not shown'"). Finally, these claims depend from claim 77, and as we found *supra*, the step of applying the penalty is conditional and therefore optional when Ring's buyer performs according to the contract. Thus, we find the Appellants have failed to meet their burden of showing the Examiner erred.

Claims 83-85

Claim 83 contains the subject matter of claim 81, but changes the limitation of the potential buyer having purchased the item *within* the particular time period to that of having purchased *after* the time period and then applying a *partial* penalty.

Claim 84 contains the subject matter of claim 81 and but changes the limitation of receiving a confirmation signal indicating that the potential buyer purchased the item to that of the buyer having purchased a *similar* item and then applying a *partial* penalty.

Claim 85 contains the subject matter of claim 81 and but changes the limitation of receiving a confirmation signal indicating that the potential buyer purchased the item within the particular time period to that of receiving the signal *after* the time period that the potential buyer purchased the item within the particular time period and then applying a *partial* penalty.

The Examiner found that one of ordinary skill would have known that a seller might agree to a late sale and might charge some reduced penalty for the tardiness (Answer 4).

The Appellants contend that these claims are not obvious for the same reasons they contended with respect to claims 77, 78, and 80, *supra*, and further that the Examiner provided no written evidence for his findings or provided a motivation to combine these findings. The Appellants also argue that the Examiner overlooked the differences in the causes triggering a penalty in the claims (Appeal Br. 62-74).

Apart from the Appellants' arguments made in support of claims 77, 78, and 80, which we found to be insufficient to show the Examiner erred, *supra*, we further find that claims 83-85 are more broad in their scope of a reward than claim 77, since these claims recite a reward offer rather than a reward *per se*. In addition to the discount that we found to be a reward described by Ring, *supra*, Ring also describes the award of the contract (FF

09), which is also an example of a satisfying result, and thus is within the scope of the term "reward" that comprises a reward offer for the buyer.

As to the Examiner's findings, we find, as we did with claim 81, *supra*, that the contract provisions would have been predictable to one of ordinary skill. Applying penalties for tardiness in either performance or notice of performance, which are provided in differing permutations in these claims, would have been predictable contract provisions to one of ordinary skill in the real estate transaction arts (FF 16-17), and such provisions are simply directed to predictable market forces.

Thus, we find the Appellants have not met their burden of showing the Examiner erred.

Claims 86-88

Claim 86 contains the subject matter of claim 77 and further adds the limitations of repeatedly outputting a reward offer to the potential buyer; determining whether the potential buyer accepts the offer; and modifying the offer if the potential buyer rejects the offer until the potential buyer accepts the offer. Claim 86 also does not contain a limitation as to what the reward offer comprises.

Claim 87 contains the subject matter of claim 86 and further adds the limitation that determining that a confirmation signal is valid includes one or more of the steps of: verifying a potential buyer identifier; determining whether the confirmation signal was received within the particular time period; and determining whether the new item purchased by the potential buyer is related to the item the potential buyer intended to purchase within

the particular time period. Claim 88 contains the subject matter of claim 86 and 78.

The Examiner found that recursive negotiation was known to those of ordinary skill to be a mechanism for resolving contract details (Answer 5).

The Appellants contend that these claims are not obvious for the same reasons they contended with respect to claim 77, 78, and 81, *supra*, and further that the Examiner provided no written evidence for his findings or provided a motivation to combine these findings (Appeal Br. 48-56).

Apart from the Appellants' arguments made in support of claims 77, 78, and 81, which we found to be insufficient to show the Examiner erred, *supra*, we further find that claims 86-88 are more broad in their scope of a reward than claim 77, since these claims recite a reward offer for money rather than a reward *per se*. In addition to the discount that we found to be a reward described by Ring, *supra*, Ring also describes the award of the contract (FF 09), which is also an example of a satisfying result and thus is within the scope of the term "reward" that comprises a reward offer for money for the buyer.

As to the Examiner's findings, we find, as we did with claim 81, *supra*, that the contract provisions would have been predictable to one of ordinary skill. Negotiating contract provisions in iterative negotiations would have been predictable contract provisions to one of ordinary skill in the real estate transaction arts, as almost anyone who has purchased a home recognizes. Further, iterative negotiation was described by Ring (FF13). Such negotiations are simply directed to predictable market forces. As to the verification elements in claim 87, one of ordinary would have known that it

was conventional to verify that contract provisions are met for the purpose of ensuring performance (FF 18). In many fields it may be that there is little discussion of obvious techniques or combinations. *KSR*, 127 S.Ct. at 1741.

Thus, we find the Appellants have not met their burden of showing the Examiner erred.

The Appellants have not sustained their burden of showing that the Examiner erred in rejecting claims 79, 80, and 83-88 under 35 U.S.C. § 103(a) as unpatentable over Ring.

Claims 89 and 90 rejected under 35 U.S.C. § 103(a) as unpatentable over Abecassis and Ring.

Claim 90 is directed to a system performing the subject matter of claim 77 but does not have a limitation as to what the reward comprises. Claim 89 is the same as claim 90 except that a penalty is charged if a confirmation signal is not received within the particular time period.

The Examiner found that Abecassis describes a system providing an escrow service, as might be used for real estate transactions, and that one of ordinary skill would have known of the applicability of Abecassis' system for real estate transactions. The Examiner concluded it would have been obvious to a person of ordinary skill in the art to have applied Abecassis' escrow system to the escrow needs of real estate transactions described by Ring (Answer 5).

The Appellants contend that the combination of Abecassis and Ring does not make claims 89 and 90 obvious for the same reasons argued for claim 77, *supra* (Appeal Br. 42-45).

Apart from the arguments made in support of claim 77, which we found to be insufficient to show the Examiner erred, *supra*, we further find that claims 89 and 90 are more broad in their scope of a reward, since these claims do not recite any further characterization of reward contrasted with claim 77, which characterizes a reward as comprising money *per se*. In addition to the discount that we found to be a reward described by Ring, *supra*, Ring also describes the award of the contract (FF 09), which is also an example of a satisfying result and thus is within the scope of the term "reward."

The Appellants have not sustained their burden of showing that the Examiner erred in rejecting claims 89 and 90 under 35 U.S.C. § 103(a) as unpatentable over Abecassis and Ring.

CONCLUSIONS OF LAW

The Appellants have not sustained their burden of showing that the Examiner erred in rejecting claims 77, 78, 81, and 82 under 35 U.S.C. § 102(b) and claims 79, 80, and 83-90 under 35 U.S.C. § 103(a) as unpatentable over the prior art.

On this record, the Appellants are not entitled to a patent containing claims 77-90.

REMARKS

If prosecution on the merits should continue, the Examiner should also consider whether the claims are patentable over such alternate embodiments as put options, in which potential buyers are paid to take on the obligation of buying something, and must pay to get out of the

obligation, or the offering of rewards to would-be purchasers of time share real estate.

The Examiner should consider a 1994 options industry publication, Characteristics and Risks of Standardized Options, which details how would-be purchasers of equity securities are paid for put options that they sell, and the payments that must be made by the put option seller when the exchange settles an option exercise, or when the put option seller buys an offsetting option. The Examiner should consider whether such payments to and by the option seller are rewards and penalties within the context of the claims.

The Examiner should also consider a 1996 article of legislation in Arizona, which details how sellers of real estate time shares offer rewards to potential purchasers of real estate time shares.[4] Since the time shares are subject to the real estate transaction principles in Ring, the Examiner should consider whether the rewards for time share would-be purchasers coupled with the penalties of deposit forfeiture would be patentable under any further amendments to the claims.

DECISION

To summarize, our decision is as follows:

- The rejection of claims 77, 78, 81, and 82 under 35 U.S.C. § 102(b) as anticipated by Ring is sustained.
- The rejection of claims 79, 80, and 83-88 under 35 U.S.C. § 103(a) as unpatentable over Ring is sustained.

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[4] SB1154 - 422R - H Ver (1996) § 32-2197.11(J).

- The rejection of claims 89 and 90 under 35 U.S.C. § 103(a) as unpatentable over Abecassis and Ring is sustained.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv) (2007).

AFFIRMED

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